

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 05939 261334Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 H-01 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00

L-02 TAR-01 CIAE-00 INR-05 NSAE-00 /061 W

----- 116550

R 261211Z NOV 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 1290

INFO AMCONSUL ZAGREB UNN

LIMITED OFFICIAL USE BELGRADE 5939

PASS EUR/EE FOR AMBASSADOR TOON

E.O. 11652: N/A

TAGS: EEWT, ETRA, YO

SUBJ: TRADE BILL - GENERALIZED TARIFF PREFERENCES

REFS A. STATE 259183 B. BELGRADE 4942

1. WE CONSIDER REINTRODUCTION INTO TRADE BILL OF PROVISION EXCLUDING YUGOSLAVIA FROM ELIGIBILITY FOR GENERALIZED PREFERENCES EXTREMELY DISTRESSING DEVELOPMENT.

2. PASSAGE OF BILL CONTAINING THIS PROVISION WOULD, IN OUR VIEW, BE BOTH COUNTERPRODUCTIVE AND UNJUSTIFIED. IT IS LIKELY TO HAVE HIGHLY ADVERSE EFFECT ON OUR COMMERCIAL, ECONOMIC AND OVERALL INTERESTS IN YUGOSLAVIA, AND NEGATIVELY INFLUENCE BROADER U.S. INTERNATIONAL POLICY CONSIDERATIONS. IT WOULD IGNORE YUGOSLAVIA'S STATUS AS NON-ALIGNED COUNTRY WITH WESTERN ORIENTED MARKET ECONOMY.

3. GOY IS CERTAIN TO CONSIDER DENIAL OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 05939 261334Z

PREFERENTIAL STATUS AS INCONSISTENT WITH

PRINCIPLES REPEATEDLY ENUNCIATED BY LEADERSHIP OF BOTH COUNTRIES. NIXON-TITO JOINT STATEMENT EMPHASIZED AGREEMENT ON NEED FOR DEVELOPMENT OF ECONOMIC COOPERATION. PRESIDENT FORD LETTER OF AUGUST 10, 1974, CONTAINED ASSURANCE THAT PRINCIPLES SET FORTH IN JOINT STATEMENT WOULD CONTINUE TO FORM FRAMEWORK OF US-YUGOSLAV RELATIONS. STATEMENT AT END OF SECRETARY KISSINGER'S VISIT NOVEMBER 4, 1974, STRESSED READINESS FOR FURTHER PROMOTION AND EXPANSION OF COOPERATION, ESPECIALLY IN ECONOMIC AREA.

4. YUGOSLAV ECONOMIC LEADERSHIP HAS REPEATEDLY EMPHASIZED TO US AS WELL AS TO HIGH-LEVEL U.S. VISITORS KEY IMPORTANCE THEY ATTACH TO PREFERENTIAL STATUS -- BOTH BECAUSE OF ITS SIGNIFICANT BENEFICIAL COMMERCIAL EFFECT, AND BECAUSE IT GIVES APPROPRIATE RECOGNITION TO COUNTRY'S INDEPENDENCE AS STATUS AS LDC.

5. YUGOSLAVIA IS MAKING INTENSIVE EFFORT TO IMPROVE BALANCE OF PAYMENTS THROUGH INCREASED SALES TO U.S. AND OTHER FREE WORLD COUNTRIES. IF YUGOSLAVS ARE DENIED BENEFIT OF PREFERENCES FOR EXPANSION OF EXPORTS TO U.S., IMPORT OF AMERICAN-MANUFACTURED CAPITAL EQUIPMENT WILL ALMOST CERTAINLY BE CUT BACK -- THUS NEGATING SUCCESSFUL CAMPAIGN OF RECENT YEARS TO DEVELOP NEW MARKETS HERE.

6. POLICY MAKERS HERE WHO HAVE WORKED HARD WITH US FOR GROWTH OF US-YUGOSLAV ECONOMIC COOPERATION WOULD CONSIDER DENIAL OF PREFERENTIAL STATUS AS SLAP IN FACE, AND ACTION WOULD LIMIT THEIR ABILITY TO CONTINUE ADVOCATE SUCH POLICIES WITHIN GOY. SOURING OF OVERALL ATMOSPHERE WHICH WOULD RESULT FROM DENIAL LIKELY TO HAVE HARMFUL EFFECT ON NUMEROUS ASPECTS OF BILATERAL RELATIONS, INCLUDING TRADE, JOINT VENTURES AND ACTIVITIES OF NEWLY ESTABLISHED CHAMBERS OF COMMERCE.

7. BENEFICIARIES WOULD BE SOVIETS WHO HAVE LONG EMPHASIZED HERE THEIR READINESS TO FILL VOID LEFT BY EEC AND US RESTRICTION ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 05939 261334Z

TRADE WITH YUGOSLAVIA THROUGH GENEROUS CREDITS AND INCREASED PURCHASES.

8. GOY HAS INDICATED INTEREST IN COOPERATION WITH US IN FORTHCOMING GENEVA ROUND MULTILATERAL TRADE NEGOTIATIONS, AND OTHER FORUMS WORKING ON INTERNATIONAL ECONOMIC REFORM. COOPERATION IS LIKELY TO INCLUDE HIGHLY USEFUL YUGOSLAV EFFORTS TO INFLUENCE POSITIONS OF NON-ALIGNED AND OTHER LESS DEVELOPED COUNTRIES, OF WHICH YUGOSLAVIA

IS A LEADER. EXCLUSION OF YUGOSLAVIA FROM TRADE BILL BENEFITS WOULD ALMOST CERTAINLY DEPRIVE U.S. OF THIS POTENTIALLY IMPORTANT SOURCE OF SUPPORT IN DIFFICULT NEGOTIATIONS.

9. INCLUSION OF YUGOSLAVIA IN GROUP OF DEVELOPED NON-MARKET ECONOMY COUNTRIES WOULD BE HIGHLY INAPPROPRIATE AND WOULD FLY IN FACE OF ECONOMIC AND POLITICAL REALITIES. YUGOSLAVIA IS LESS DEVELOPED COUNTRY IN WHICH INDIVIDUAL BUSINESS ENTERPRISES MAKE ECONOMIC DECISIONS BASED ON MARKET CONSIDERATIONS. 75 PERCENT OF TRADE IS WITH FREE WORLD. YUGOSLAVIA IS FIRMLY MAINTAINED INDEPENDENCE FROM INTERNATIONAL COMMUNIST INFLUENCES. ITS CITIZENS HAVE FREEDOM TO EMIGRATE OR WORK ABROAD (BELGRADE 5757).

10. WE REALIZE DEPARTMENT IS FULLY AWARE OF CRUCIAL IMPORTANCE THIS ISSUE, BUT HOPE EMBASSY REVIEW ABOVE MAY BE HELPFUL.
MILLER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA05939
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740343-0207
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741113/aaaaaklz.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 259183 B. BELGRADE 4942
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUN 2002 by elyme>; APPROVED <19-Nov-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE BILL - GENERALIZED TARIFF PREFERENCES
TAGS: EEW, ETRD, YO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005